

WBC BRIEFING

~~SECRET~~
3 June 1959

ARGENTINA

- I. President Frondizi faces severe pressures for at least next three months, mainly because of strike agitation by Communists and extreme Peronistas.
 - A. Major target is US-backed stabilization program (begun 1 January) which other LA nations are watching as test case.
 - B. Communists also attacking Frondizi's petroleum policy concentrating on contracts with US firms for oil development.
 - C. Peronistas trying to regain control of organized labor, once their political tool.
 - D. Agitators exploiting genuine labor discontent. Living costs have risen nearly 50 percent since 1 January, stemming, in part, from drop in value of peso from 66 to 103 to the dollar, as of 3 June.
 - E. However, almost half of organized labor has denounced several general strike efforts as political maneuvers directed by Moscow and Peron.
- II. These strikes costly.
 - A. Extremists control most industrial and construction unions.
 - B. Sabotage and rioting have accompanied some strikes.
- III. As a result Frondizi has intensified crackdown on Peronista and Communist agitation.
 - A. Declared state of siege last November.
 - B. Decree of 27 April banned all Communist party activities.

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- C. Mid-May cabinet reorganization dropped several officials favoring conciliatory policy toward Peronistas.**
- D. Armed forces helping police control agitation.**
- IV. Military discontent over continued labor defiance recently revived rumors of plotting.**
 - A. Majority, however, prefer to support elected government.**
 - B. Frondizi's new moves should reduce grumbling among the military.**